

117TH CONGRESS
1ST SESSION

S. 2452

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 2021

Mr. WYDEN (for himself, Mr. BENNET, Mr. CASEY, Mr. DURBIN, Ms. KLOBUCHAR, Mr. MENENDEZ, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide matching payments for retirement savings contributions by certain individuals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Encouraging Ameri-

5 cans to Save Act”.

1 **SEC. 2. SAVER'S MATCHING CREDIT FOR ELECTIVE DEFER-**

2 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**

3 **INDIVIDUALS.**

4 (a) IN GENERAL.—Subchapter B of chapter 65 of the
5 Internal Revenue Code of 1986 is amended by adding at
6 the end the following new section:

7 **“SEC. 6433. SAVER’S MATCHING CREDIT FOR ELECTIVE DE-**
8 **FERRAL AND IRA CONTRIBUTIONS BY CER-**
9 **TAIN INDIVIDUALS.**

10 “(a) IN GENERAL.—

11 “(1) ALLOWANCE OF CREDIT.—Any eligible in-
12 dividual who makes qualified retirement savings con-
13 tributions for the taxable year shall be allowed a
14 credit for such taxable year in an amount equal to
15 the applicable percentage of so much of the qualified
16 retirement savings contributions made by such eligi-
17 ble individual for the taxable year as does not exceed
18 \$2,000.

19 “(2) PAYMENT OF CREDIT.—The credit under
20 this section shall be paid by the Secretary as a con-
21 tribution (as soon as practicable after the eligible in-
22 dividual has filed a tax return for the taxable year)
23 to the applicable retirement savings vehicle of an eli-
24 gible individual.

25 “(b) APPLICABLE PERCENTAGE.—For purposes of
26 this section—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), the applicable percentage is 50 percent.

3 “(2) PHASEOUT.—The percentage under para-
4 graph (1) shall be reduced (but not below zero) by
5 the number of percentage points which bears the
6 same ratio to 50 percentage points as—

7 “(A) the excess of—

8 “(i) the taxpayer’s modified adjusted
9 gross income for such taxable year, over

10 “(ii) the applicable dollar amount,
11 bears to

12 “(B) the phaseout range.

13 If any reduction determined under this paragraph is
14 not a whole percentage point, such reduction shall be
15 rounded to the next lowest whole percentage point.

16 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
17 RANGE.—

18 “(A) JOINT RETURNS.—Except as pro-
19 vided in subparagraph (B)—

20 “(i) the applicable dollar amount is
21 \$65,000, and

22 “(ii) the phaseout range is \$20,000.

23 “(B) OTHER RETURNS.—In the case of—

24 “(i) a head of a household (as defined
25 in section 2(b)), the applicable dollar

1 amount and the phaseout range shall be $\frac{3}{4}$
2 of the amounts applicable under subparagraph
3 (A) (as adjusted under subsection
4 (g)), and

5 “(ii) any taxpayer who is not filing a
6 joint return and who is not a head of a
7 household (as so defined), the applicable
8 dollar amount and the phaseout range
9 shall be $\frac{1}{2}$ of the amounts applicable
10 under subparagraph (A) (as so adjusted).

11 “(4) EXCEPTION; MINIMUM CREDIT.—In the
12 case of an eligible individual with respect to whom
13 (without regard to this paragraph) the credit deter-
14 mined under subsection (a)(1) is greater than zero
15 but less than \$100, the credit allowed under this
16 section shall be \$100.

17 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
18 section—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), the term ‘eligible individual’ means any
21 individual if such individual has attained the age of
22 18 as of the close of the taxable year.

23 “(2) DEPENDENTS NOT ELIGIBLE.—The term
24 ‘eligible individual’ shall not include any individual
25 with respect to whom a deduction under section 151

1 is allowed to another taxpayer for a taxable year be-
2 ginning in the calendar year in which such individ-
3 ual's taxable year begins.

4 “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-
5 TIONS.—For purposes of this section—

6 “(1) IN GENERAL.—The term ‘qualified retire-
7 ment savings contributions’ means, with respect to
8 any taxable year, the sum of—

9 “(A) the amount of the qualified retire-
10 ment contributions (as defined in section
11 219(e)) made by the eligible individual,

12 “(B) the amount of—

13 “(i) any elective deferrals (as defined
14 in section 402(g)(3)) of such individual,
15 and

16 “(ii) any elective deferral of com-
17 pensation by such individual under an eli-
18 gible deferred compensation plan (as de-
19 fined in section 457(b)) of an eligible em-
20 ployer described in section 457(e)(1)(A),

21 “(C) the amount of voluntary employee
22 contributions by such individual to any qualified
23 retirement plan (as defined in section 4974(c)),
24 and

1 “(D) the amount of contributions by such
2 individual to a qualified ABLE program (as de-
3 fined in section 529A(b)) for the benefit of the
4 individual.

5 Such term shall not include any amount attributable
6 to a payment under subsection (a).

7 “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

9 “(A) IN GENERAL.—The qualified retire-
10 ment savings contributions determined under
11 paragraph (1) for a taxable year shall be re-
12 duced (but not below zero) by the aggregate
13 distributions received by the individual during
14 the testing period from any entity of a type to
15 which contributions under paragraph (1) may
16 be made.

17 “(B) TESTING PERIOD.—For purposes of
18 subparagraph (A), the testing period, with re-
19 spect to a taxable year, is the period which in-
20 cludes—

21 “(i) such taxable year,

22 “(ii) the 2 preceding taxable years,
23 and

24 “(iii) the period beginning on the day
25 after the last day of such taxable year and

1 ending with the due date (including extensions) for filing the return of tax for such
2 taxable year.

4 “(C) EXCEPTED DISTRIBUTIONS.—There
5 shall not be taken into account under subparagraph (A)—

7 “(i) any distribution referred to in
8 section 72(p), 401(k)(8), 401(m)(6),
9 402(g)(2), 404(k), or 408(d)(4),

10 “(ii) any distribution to which section
11 408(d)(3) or 408A(d)(3) applies,

12 “(iii) any distribution to which the
13 rules described in the second sentence of
14 section 529A(b)(2) apply, and

15 “(iv) any portion of a distribution if
16 such portion is transferred or paid in a
17 rollover contribution (as defined in section
18 402(c), 403(a)(4), 403(b)(8), 408A(e), or
19 457(e)(16)) to an account or plan to which
20 qualified retirement savings contributions
21 can be made.

22 “(D) TREATMENT OF DISTRIBUTIONS RECEIVED BY SPOUSE OF INDIVIDUAL.—For purposes of determining distributions received by
23 an individual under subparagraph (A) for any

1 taxable year, any distribution received by the
2 spouse of such individual shall be treated as re-
3 ceived by such individual if such individual and
4 spouse file a joint return for such taxable year
5 and for the taxable year during which the
6 spouse receives the distribution.

7 “(e) APPLICABLE RETIREMENT SAVINGS VEHIC-
8 CLE.—

9 “(1) IN GENERAL.—The term ‘applicable retire-
10 ment savings vehicle’ means—

11 “(A) an account or plan elected by the eli-
12 gible individual under paragraph (2),

13 “(B) in the case of qualified retirement
14 savings contributions described in subsection
15 (d)(1)(D), the qualified ABLE program (as de-
16 fined in section 529A(b)) to which such con-
17 tributions were made, or

18 “(C) if no such election is made or the
19 Secretary is not able to make a contribution
20 into such account or plan, an account estab-
21 lished for the benefit of the eligible individual
22 under the R-Bond Program.

23 For purposes of subparagraph (C), if no account has
24 previously been established for the benefit of the in-
25 dividual under the R-Bond Program, the Secretary

1 shall establish such an account for such individual
2 for purposes of receiving contributions under this
3 section.

4 “(2) OTHER RETIREMENT VEHICLES.—An eligi-
5 ble individual may elect, in such form and manner
6 as the Secretary may provide, to have the amount of
7 the credit determined under subsection (a) contrib-
8 uted to an account or plan which—

9 “(A) is a Roth IRA or a designated Roth
10 account (within the meaning of section 402A)
11 of an applicable retirement plan (as defined in
12 section 402A(e)(1)),

13 “(B) is for the benefit of the eligible indi-
14 vidual, and

15 “(C) accepts contributions made under this
16 section.

17 In the case of a plan of which a qualified trust
18 under section 401(a) is a part, an annuity contract
19 described in section 403(b), or a plan described in
20 section 457(b) which is established and maintained
21 by an employer described in section 457(e)(1)(A),
22 the plan shall have discretion whether to accept con-
23 tributions made under this section, but if the plan
24 accepts any such contributions it shall accept them
25 on a uniform basis.

1 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

2 “(1) MODIFIED ADJUSTED GROSS INCOME.—

3 For purposes of this section, the term ‘modified ad-
4 justed gross income’ means adjusted gross income—5 “(A) determined without regard to sections
6 911, 931, and 933, and7 “(B) determined without regard to any ex-
8 clusion or deduction allowed for any qualified
9 retirement savings contribution made during
10 the taxable year.11 “(2) TREATMENT OF CONTRIBUTIONS.—In the
12 case of any contribution under subsection (a)(2)—13 “(A) except as otherwise provided in this
14 section or by the Secretary under regulations,
15 such contribution shall be treated as—16 “(i) an elective deferral made by the
17 individual which is a designated Roth con-
18 tribution, if contributed to an applicable
19 retirement plan, or20 “(ii) a Roth IRA contribution made
21 by such individual, if contributed to a Roth
22 IRA,23 “(B) such contribution shall not be treated
24 as income to the taxpayer, and

1 “(C) such contribution shall not be taken
2 into account with respect to any applicable limi-
3 tation under sections 402(g)(1), 403(b),
4 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
5 415(c), or 457(b)(2), and shall be disregarded
6 for purposes of sections 401(a)(4), 401(k)(3),
7 401(k)(11)(B)(i)(III), 410(b), and 416.

8 “(3) TREATMENT OF QUALIFIED PLANS, ETC.—
9 A plan or arrangement to which a contribution is
10 made under this section shall not be treated as vio-
11 lating any requirement under section 401, 403, 408,
12 or 457 solely by reason of accepting such contribu-
13 tion.

14 “(4) ERRONEOUS CREDITS.—If any contribu-
15 tion is erroneously paid under subsection (a)(2), the
16 amount of such erroneous payment shall be treated
17 as an underpayment of tax.

18 “(g) INFLATION ADJUSTMENTS.—

19 “(1) IN GENERAL.—In the case of any taxable
20 year beginning in a calendar year after 2023, each
21 of the dollar amounts in subsections (a)(1) and
22 (b)(3)(A)(i) shall be increased by an amount equal
23 to—

24 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, deter-
4 mined by substituting ‘calendar year 2022’ for
5 ‘calendar year 2016’ in subparagraph (A)(ii)
6 thereof.

7 “(2) ROUNDING.—Any increase determined
8 under paragraph (1) shall be rounded to the nearest
9 multiple of—

10 “(A) \$100 in the case of an adjustment of
11 the amount in subsection (a)(1), and

12 “(B) \$1,000 in the case of an adjustment
13 of the amount in subsection (b)(3)(A)(i).”.

14 (b) PAYMENT AUTHORITY.—Section 1324(b)(2) of
15 title 31, United States Code, is amended by striking “or
16 6431” and inserting “6431, or 6433”.

17 (c) DEFICIENCIES.—Section 6211(b)(4) is amended
18 by striking “and 6431” and inserting “6431, and 6433”.

19 (d) REPORTING.—The Secretary of Labor, the Sec-
20 retary of the Treasury, and the Director of the Pension
21 Benefit Guaranty Corporation shall—

22 (1) amend Form 5500 to require separate re-
23 porting of the aggregate amount of contributions re-
24 ceived by the plan during the year under section

1 6433(a)(2) of the Internal Revenue Code of 1986
2 (as added by this section), and

3 (2) amend Form 5498 to require similar report-
4 ing with respect to individual retirement plans (as
5 defined in section 7701(a)(37) of such Code).

6 (e) CONFORMING AMENDMENTS.—

7 (1) Section 25B of the Internal Revenue Code
8 of 1986 is amended by striking subsections (a)
9 through (f) and inserting the following:

10 “For payment of credit related to qualified retirement sav-
11 ings contributions, see section 6433.”.

12 (2) The table of sections for subchapter B of
13 chapter 65 of such Code is amended by adding at
14 the end the following new item:

“See. 6433. Saver’s matching credit for elective deferral and IRA contributions
by certain individuals.”.

15 (f) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2022.

18 (g) CORONAVIRUS RECOVERY BONUS CREDIT.—

19 (1) IN GENERAL.—In the case of taxable years
20 beginning after December 31, 2022, and before Jan-
21 uary 1, 2028, the amount of the credit determined
22 under section 6433 of the Internal Revenue Code of
23 1986, as added by this section, shall be increased by
24 an amount equal to 50 percent of so much of the

1 qualified retirement savings contributions made by
2 an eligible individual for the taxable year as does not
3 exceed—

- 4 (A) \$10,000, reduced by
5 (B) the aggregate amount of qualified re-
6 tirement savings contributions made by the eli-
7 gible individual in all preceding taxable years
8 which begin after December 31, 2022.

9 (2) PHASEOUT.—The \$10,000 amount under
10 paragraph (1)(A) shall be reduced (but not below
11 zero) by a percentage which bears the same ratio to
12 50 percent as—

- 13 (A) the excess of—
14 (i) the taxpayer's modified adjusted
15 gross income for the taxable year, over
16 (ii) the applicable dollar amount,
17 bears to
18 (B) the phaseout range.

19 If any reduction determined under this paragraph is
20 not a whole percentage point, such reduction shall be
21 rounded to the next lowest whole percentage point.

22 (3) DEFINITIONS.—For purposes of this sub-
23 section, the terms “qualified retirement savings con-
24 tributions”, “eligible individual”, “applicable dollar
25 amount”, and “phaseout range” have the meanings

1 given such terms by subsections (d), (c), and (b), re-
2 spectively, of section 6433 of such Code, as so
3 added.

4 **SEC. 3. ESTABLISHMENT OF R-BOND PROGRAM.**

5 (a) IN GENERAL.—The Secretary of the Treasury
6 shall, not later than January 31, 2023, establish a perma-
7 nent program, to be known as the “R-Bond Program”,
8 which meets the requirements of this section to establish
9 and maintain individual retirement plans on behalf of indi-
10 viduals.

11 (b) PROGRAM SPECIFICATIONS.—

12 (1) IN GENERAL.—

13 (A) IRAs.—The R-Bond Program estab-
14 lished under this section shall—

15 (i) permit the establishment of indi-
16 vidual retirement plans on behalf of an in-
17 dividual, whether a traditional IRA or a
18 Roth IRA or both, as appropriate;

19 (ii) require the assets of each indi-
20 vidual retirement plan established under
21 the program to be held by the designated
22 IRA trustee;

23 (iii) permit contributions to be made
24 periodically to such individual retirement
25 plans, including contributions paid under

1 section 6433(a)(2) of the Internal Revenue
2 Code of 1986, contributions made by direct
3 deposit or other electronic means, includ-
4 ing taxpayer-directed direct deposit of Fed-
5 eral income tax refunds by the Department
6 of the Treasury, and by methods that pro-
7 vide access for the unbanked;

8 (iv) permit distributions and rollovers
9 from such individual retirement plans upon
10 request of the account owner;

11 (v) include procedures to consolidate
12 multiple accounts established for the same
13 individual in order that each individual, to
14 the extent practicable, has only one Roth
15 IRA and only one traditional IRA under
16 the program; and

17 (vi) ensure that such individual retire-
18 ment plans are invested solely in retire-
19 ment savings bonds issued by the Depart-
20 ment of the Treasury for the purpose of
21 the R-Bond Program.

22 (B) REGULATIONS, ETC.—The Secretary
23 of the Treasury shall have authority to promul-
24 gate such regulations, rules, and other guidance
25 as are necessary to implement the R-Bond Pro-

1 gram, and are consistent with this section, as
2 well as coordination rules permitting individual
3 retirement plans to be established under the R-
4 Bond Program by taxpayer election on the re-
5 turn of tax, and in connection with and in sup-
6 port of programs established under State and
7 local laws that enroll residents in individual re-
8 tirement plans.

9 (2) NO FEES.—No fees shall be assessed on
10 participants in the R-Bond Program.

11 (3) LIMITATIONS.—

12 (A) CONTRIBUTION MINIMUM.—The Sec-
13 retary of the Treasury may establish minimum
14 amounts for initial and additional contributions
15 to an individual retirement plan under the R-
16 Bond Program, not to exceed \$5.

17 (B) LIMITATION OF ROLLOVER CONTRIBU-
18 TIONS AND TRANSFERS.—No rollover contribu-
19 tion or transfer shall be accepted to an indi-
20 vidual retirement plan under the R-Bond Pro-
21 gram except to the extent necessary to consoli-
22 date accounts as provided in paragraph (1)(v).

23 (4) DESIGNATED IRA TRUSTEE.—For purposes
24 of this section, the designated IRA trustee is the De-
25 partment of the Treasury or such other person as

1 the Secretary of the Treasury may designate to act
2 as trustee of the individual retirement plans estab-
3 lished under the R-Bond Program.

4 (5) DISCLOSURES.—The designated IRA trust-
5 ee shall provide in writing, in paper form mailed to
6 the last known address of the individual unless the
7 individual affirmatively elects to receive electronic
8 statements—

9 (A) annual account balance statements to
10 individuals on behalf of whom individual retire-
11 ment plans are established under the R-Bond
12 Program, which shall include—

13 (i) an explanation that—

14 (I) program account balances are
15 solely invested in retirement savings
16 bonds issued by the Department of
17 the Treasury for the purpose of the
18 R-Bond Program;

19 (II) diversified investment oppor-
20 tunities which are not guaranteed by
21 the Federal government are available
22 for individual retirement plans estab-
23 lished by other providers;

24 (III) no fees are charged under
25 the R-Bond Program; and

(IV) the individual has the right

to roll over or transfer an account balance without penalty;

(ii) an illustration of the potential impacts that higher yields may have on long-term accumulation; and

(iii) information on the types of fees that other providers may charge for the establishment of individual retirement plans, and the impact of fees on long-term accumulation; and

(B) if the account balance of the individual retirement plan exceeds \$15,000 and the individual has not previously so affirmed, a request for the individual to affirm (including instructions for making such affirmation) to the designated IRA trustee that the individual does not want to roll over such account balance to another plan (according to the rules relating to rollovers and transfers of individual retirement plans under the Internal Revenue Code of 1986).

23 (c) RETIREMENT SAVINGS BONDS.—For purposes of
24 this section—

1 (1) IN GENERAL.—The term “retirement sav-
2 ings bond” means an interest-bearing electronic
3 United States savings bond issued to the designated
4 IRA trustee which is available only to participants in
5 the R-Bond Program.

6 (2) INTEREST RATE.—Bonds issued under the
7 R-Bond Program shall earn interest at a rate equal
8 to the greater of (determined on the issue date of
9 the bond)—

10 (A) the rate earned by the Government Se-
11 curities Investment Fund established under sec-
12 tion 8438(b)(1) of title 5, United States Code,
13 or

14 (B) the rate earned by a Series I United
15 States savings bond.

16 (3) REISSUE IN CASE OF CHANGE IN TRUST-
17 EE.—If a successor designated IRA trustee is des-
18 ignated under subsection (b)(4), the retirement sav-
19 ings bonds issued to the predecessor designated IRA
20 trustee shall be reissued to such successor.

21 (d) DEFINITIONS.—For purposes of this section—

22 (1) INDIVIDUAL RETIREMENT PLAN.—The term
23 “individual retirement plan” has the meaning given
24 such term by section 7701(a)(37) of the Internal
25 Revenue Code of 1986.

1 (2) TRADITIONAL IRA.—The term “traditional
2 IRA” means an individual retirement plan which is
3 not a Roth IRA.

4 (3) ROTH IRA.—The term “Roth IRA” has the
5 meaning given such term by section 408A(b) of such
6 Code.

7 (4) SECRETARY.—Any reference to the Sec-
8 retary of the Treasury includes a reference to such
9 Secretary’s delegate.

10 **SEC. 4. PROMOTION AND GUIDANCE.**

11 (a) PROMOTION.—The Secretary of the Treasury (or
12 the Secretary’s delegate) shall educate taxpayers on the
13 benefits provided under section 6433 of the Internal Rev-
14 enue Code of 1986 and the R-Bond Program established
15 under section 3 of this Act.

16 (b) NOTICE.—Not later than 1 year after the date
17 of the enactment of this Act—

18 (1) PLAN ADMINISTRATORS.—The Secretary of
19 the Treasury (or the Secretary’s delegate) and the
20 Secretary of Labor, as appropriate, shall issue guid-
21 ance to plan administrators regarding information
22 on the benefits provided under section 6433 of the
23 Internal Revenue Code of 1986 and the R-Bond
24 Program established under section 3 of this Act for
25 participants and beneficiaries which is to be required

1 to be included in plan disclosures including summary
2 plan descriptions, open enrollment materials, and
3 annual notices otherwise provided by plans. Such
4 guidance—

5 (A) shall include model notice language in
6 both English and Spanish that is deemed to
7 satisfy the notice requirement of the preceding
8 sentence, and

9 (B) in the case of annual enrollment mate-
10 rials for a plan, shall specify that such notice
11 may be given at the same time as any elective
12 deferral or matching contribution safe harbor
13 notice would be required to be given (even if the
14 plan does not incorporate such a safe harbor)
15 and may be incorporated into such safe harbor
16 notice.

17 (2) TRUSTEES AND ISSUERS OF IRAS.—The
18 Secretary of the Treasury (or the Secretary's dele-
19 gate) and the Secretary of Labor, as appropriate,
20 shall issue guidance to trustees and issuers of indi-
21 vidual retirement plans regarding information on the
22 benefits provided under section 6433 of the Internal
23 Revenue Code of 1986 and the R-Bond Program es-
24 tablished under section 3 of this Act for potentially

1 eligible individuals which is to be required to be in-
2 cluded in individual retirement plan disclosures.

3 (3) PAYMENT OF CREDITS.—Not later than 3
4 years after the date of the enactment of this Act, the
5 Secretary of the Treasury (or the Secretary's dele-
6 gate) shall promulgate guidance setting forth proce-
7 dures that permit the direct payment of credits
8 under section 6433 to an employer-sponsored plan in
9 which the taxpayer is a participant and that elects
10 to receive such credits, including rules regarding no-
11 tice to taxpayers and a plan of a payment of such
12 credit and notice from a plan to a taxpayer and the
13 Secretary confirming receipt of a payment.

14 **SEC. 5. DEADLINE TO FUND IRA WITH TAX REFUND.**

15 (a) IN GENERAL.—Paragraph (3) of section 219(f)
16 of the Internal Revenue Code of 1986 is amended—

17 (1) by striking “is made not later than” and in-
18 serting “is made—

19 “(i) not later than”,

20 (2) by striking the period at the end and insert-
21 ing “, or”, and

22 (3) by adding at the end the following new
23 clause:

24 “(ii) by direct deposit by the Sec-
25 retary pursuant to an election on the re-

1 turn for such taxable year to contribute all
2 or a portion of any amount owed to the
3 taxpayer to an individual retirement plan
4 of the taxpayer, but only if the return is
5 filed not later than the date described in
6 clause (i).”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2021.

